SYNOPSIS

(For thesis submission)

Title of the study :

A STUDY OF BUSINESS PLANNING IN RUBBER BASED INDUSTRIES IN KERALA

1. Introduction

Rubber forms the raw material for a good many industries. Such industries consuming rubber as a major raw material are categorised as rubber based industries. In India, rubber based industries made its first appearance in Bengal Presidency in 1920 with the establishment of a rubber product factory named Dixie Rubber Factory Limited in Calcutta. In Kerala, rubber based industries made its first appearance in 1935. Kerala ranks first in the country in the number of rubber based industrial units as well as the highest producer of natural rubber. Kerala also tops as the largest consumer of natural rubber among all the states in India.

There are nearly 1000 manufacturers of rubber products in Kerala. It is observed that over the last ten years, the number of rubber based industries has been static or towards the declining trend, in spite of the increase in production of natural rubber.

The rubber economy is substantially contributing to income and employment of a large number of people in Kerala, both in the production and industrial sectors. While in the production sector highly fluctuating price of the produce has been the major problem encountered by the cultivators, in the industrial sector the unavailability of sufficient natural rubber on affordable price has been the foremost among the major threats. These along with many socio-economic, cultural and political factors have been attributed and put to analytical enquiry in some studies with regard to performance of business ventures in Kerala. However, studies pertaining to business planning as a determinant factor of performance have been quite lacking. There are many small, medium and a few large industrial industries based on rubber in Kerala. Though many are thriving profitability, a considerably large number of others are running on loss or are in the lingering stage. Lack of sufficient initial workout and business planning has often been ascribed as a major cause of failure. Accordingly, a study has been carried out on the topic “Business Planning in Rubber Based Industries in Kerala”, which is submitted for award of Doctoral Degree.

2. Statement of the problem

Being a professional in the area of planning in rubber based industry, the researcher had the opportunity as part of his occupational obligation to interact with various rubber based enterprises and have had the pulse of different problems encountered by them. Very often it has been felt that they all shared a major problem – the lack of a proper business plan at hand and set goals and objectives, the fundamental on which their direction, purpose and progress could have been monitored and geared.

Kerala produces almost 90 % of the natural rubber in the country. But its industries consume just below 20 % of the available produce. This lagging of rubber based industries has been in spite of top most priority and promotional policies adopted by the Govt. of Kerala as shown in the Industrial Policy- 1988 and others. The research questions addressed include the following:

- What is the status of rubber based industries in Kerala with regard to their successful thriving?

- To what extent, preparation of a well worked out business plan on the onset of starting rubber based industries determines their success?

- What is the attitude of owners/ managers of rubber based industries in Kerala with regard to following a set business plan of their enterprises?

- What are their modus operandi and motivating factors for preparation of business plan?

- Is there a need for awareness creation and educating the entrepreneurs in Kerala about the essential role of business plan as a determinant of success / performance of their ventures?

3. Objectives of the study

1. To assess the present status of business planning in rubber based industries in Kerala

2. To assess how far business planning success as a determinant has affected the rubber based industries in Kerala

3. To assess how far the background of the entrepreneur has affected business planning

4. Based on the observations and inferences, to suggest/ recommend an emulative frame work of business planning for rubber based industries in Kerala

4. Hypotheses

The following hypotheses have been tested:

1. The background of the entrepreneur and successful thriving of the enterprise are positively related.

2. Percentage of channel distributions and percentage of net profit are positively related.

3. There is positive relationship between business planning and better performance of the business firms.

5. Sampling design and data collection

Sampling Survey

A structured questionnaire containing both closed and open ended questions were used for collecting data from randomly selected sample respondents through face to face interviews.

Universe of the Sample

All small, medium and large scale rubber based industries in Kerala formed the universe of the study from which required samples were derived.

Total size of samples : 200

Sampling Technique : Stratified random sampling

6. Tools of data collection

1. Personal interviews with the help of a structured questionnaire

2. Group discussions

3. Visits of industrial units and personal observation

7. Data analysis

The data collected from various sources have been classified, tabulated and analysed applying mathematical, statistical and participatory tools and methods such as :

Percentage Analysis :

Using simple percentage calculation, ratings of variables have been calculated and presented as tables and diagrams

Chi- square Test :

Chi- square tests were employed for assessing the significance/ validity of hypotheses.

Personal observations have also significantly contributed to arriving at inferences.

8. Plan of study

The study has been organised into the following chapters:

Chapter -1 :
Introduction and background of the study, statement of the problem, the need, scope and significance of the study, objectives and hypotheses
Chapter -2 :
Literature review

Chapter -3 :

Methodology

Chapter -4 :

Analysis of data, results and discussion

Chapter -5 :

Summary of findings, conclusions, suggestions, recommendations

9. Major findings

1. The study points to a change in concept that entrepreneurship is a trait traditionally inherited. It has been found that 40 % of the respondents developed business idea on their own.

2. It has been found that great majority (71%) of the respondents didn't have a business plan. The study reflected that a well prepared business plan positively contributed to the successful running of firms. The business plan holders, in general were found more realistic in matters of raw material survey, marketing, HR positioning etc.

3. Even among those who prepared business plan, the majority of them used it just for the purpose of satisfying funding agencies such as venture capitalists and banks.

4. The very large majority of entrepreneurs holding the view that preparing business plan was not important for small firms or was essential only for large firms is reflective of the misconception kept in this matter by the business community in Kerala, in general.

5. It may be averred that even though gradual change in attitude can be observed, perceiving business enterprise as a priority career option and running business in a well planned and disciplined manner are still to be integrated into the psyche of Kerala people.

6. Well thought out and systematically worked out awareness and education programmes even from the school level education are necessary to inculcate entrepreneurial component into the community and to break up the present conundrum of people's mindset not so positive towards taking up business enterprises as a prime career option. This is also a deciding factor for the socio-economic development of Kerala.

10. Limitations of the study

- There have been very few reported studies in this field in Kerala and hence availability of secondary data has been scarce.

- Some of the samples selected were found to be closed down and as a result the time and resource of the researcher were to be exhausted to find substitute samples.

- Some of the respondents were not cooperative and the sample had to be changed.

- There were instances of suppression or exaggeration of facts by respondents. However this has almost been overcome through continued rapports and informal discussion.
- The study period had to be extended due to the aforesaid limitations.

11. Implications of the study

1. The outputs of the study will provide valuable inputs to entrepreneurs in the field of rubber based industries and elsewhere, especially about the need for preparing well structured business plan as a pre-requisite for establishing and running firms to success.
2. The findings of this study will definitely be useful to planners and economists while formulating frame works for the growth and development of the industrial sector in Kerala.

3. The study opens up further aspects of research, especially in planning and managerial areas, to be taken up for academic as well as for governmental data generation and inferences.
4. Rubber based industries , becoming a well performed sector would attract new ventures, increased investments, innovations, expertise and technology which will eventually bring about immense scope for better employment, income generation and development especially of the state of Kerala.